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HY'S OF CANADA LTD.



ANNUAL REPORT 1972





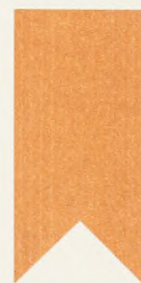


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**HY'S OF CANADA LTD. ANNUAL REPORT 1972**

**HY'S OF  
CANADA  
LTD. 1972**



Cover photograph;  
Interior of Hy's new restaurant in Chicago



## PRESIDENT'S REPORT TO SHAREHOLDERS

In last year's report to shareholders we stated that we approached the coming year (for which current figures are enclosed) with cautious optimism.

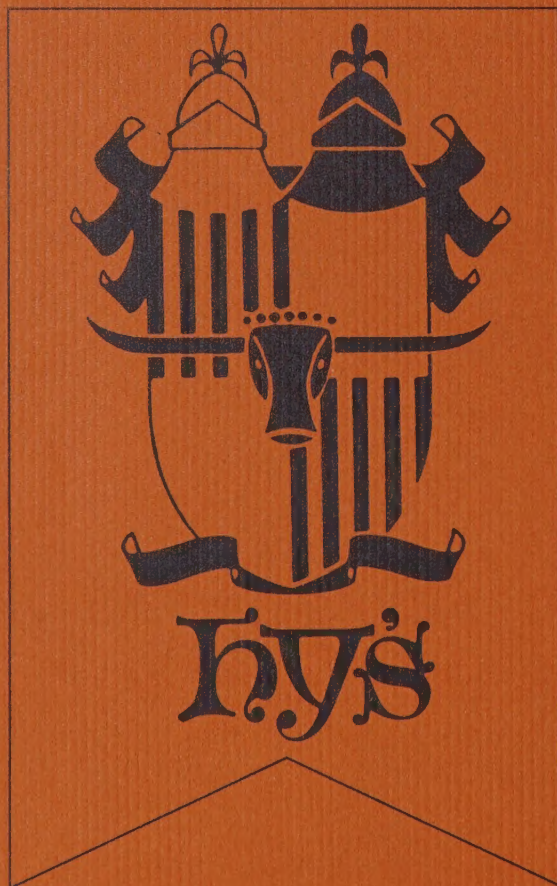
It is with sincere pleasure that we are able to state that our optimism was not unfounded as the financial statements for the year indicate. Perhaps most gratifying to the company was the better percentage of net return on increased volume. Our net income per share (before extraordinary items) increased from 22¢ per

share to 41¢ per share. Our working capital from operations (cash flow) increased from 67¢ per share to 91¢ per share before extraordinary gains and we have improved our working capital position.

We would draw your attention to Note 8(b) attached to the financial statements. The difference involved between capital expenditures and arranged long term financing shows an approximate deficit of \$700,000. The company has received verbal commitments for the balance of monies required.

We expect to open a new Hy's in Toronto before the end of March, 1973. We are very pleased to report that a second Village Green Inn is now open and operating well. This is located in Vernon, B.C. The Kobe Japanese Steak House in Hawaii has also been opened in the last fiscal period and has excellent prospects for success. We are also pleased to report that we have opened our first American branch and Hy's of Canada now operates a major restaurant located in the Gold Coast area of Chicago, Illinois. It has only been open a couple of months, but indicated acceptance augurs well for our format and its expansion into the United States. Initial sales are encouraging, but there are operational problems to be resolved before we reach our required level of quality. We can assure you that the personnel of your company are attending to these problems.

All in all, we hope the shareholders will agree with us that progress for the year has been substantial and prospects for the future look equally attractive.





## DIRECTORS OF THE COMPANY



HY'S OF  
CANADA  
LTD. 1972



*Hy's of Canada Directors photographed in Hy's Encore, Vancouver. Left to right:*

**Jack Shatz**, Eastern Division Manager, Hy's of Canada. **Joe Garfin**, Real Estate Manager, Hy's of Canada. **Alan Eyre**, President, Duecks on Broadway Limited. **Bernie Aisenstat**, Operations Manager, Hy's of Canada. **Wm. E. Thomson**, Honorary Chairman of the Board, Pemberton Securities Ltd. **Don Rosebourne**, Vice President, Hy's of Canada. **Hy Aisenstat**, President, Hy's of Canada. *Missing from photograph: Arthur R. Smith, President, Arthur R. Smith & Associates Ltd.*



# CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

for the year ended September 30, 1972

	1972	1971
<b>Income:</b>		
Sales .....	\$7,181,868	\$6,473,272
Management and rental income .....	257,726	205,574
Income from affiliates .....	39,824	4,100
	<u>7,479,418</u>	<u>6,682,946</u>
<b>Expenses:</b>		
Cost of sales and administration .....	5,942,588	5,404,880
Interest .....	72,548	95,112
Real estate expenses and rent .....	408,718	363,081
Depreciation .....	271,808	273,072
Amortization of deferred development expenses, contract rights and other intangibles (Note 1(a)) .....	94,522	125,180
	<u>6,790,184</u>	<u>6,261,325</u>
<b>Earnings before Undernoted Items .....</b>	<u>689,234</u>	<u>421,621</u>
<b>Provision for Income Taxes:</b>		
Current .....	295,481	185,836
Deferred .....	25,787	47,972
	<u>321,268</u>	<u>233,808</u>
	367,966	187,813
<b>Minority Interest in Profit (Loss) of Subsidiary .....</b>	<u>3,932</u>	<u>(4,813)</u>
<b>Earnings before Extraordinary Items .....</b>	<u>364,034</u>	<u>192,626</u>
Extraordinary Items (Note 7) .....	4,953	26,673
<b>Net Earnings for the Year .....</b>	<u>368,987</u>	<u>219,299</u>
<b>Retained Earnings, beginning of year</b>		
As previously reported .....	532,127	304,832
Reduction of prior years' income taxes (Note 4) .....	51,373	51,373
Adjustment for amortization of intangibles (Note 1(a)) .....	(36,636)	(24,424)
As restated .....	<u>546,864</u>	<u>331,781</u>
	915,851	551,080
<b>Income Taxes Deferred in Prior Years (Note 5) .....</b>	<u>14,953</u>	<u>4,216</u>
<b>Dividends .....</b>	<u>87,000</u>	<u>—</u>
	101,953	4,216
<b>Retained Earnings, end of year .....</b>	<u>\$ 813,898</u>	<u>\$ 546,864</u>
<b>Earnings per Share:</b>		
Earnings before extraordinary items .....	\$ .41	\$ .22
Net earnings for the year .....	<u>\$ .42</u>	<u>\$ .25</u>

The accompanying notes are an integral part of this statement.

HY'S OF  
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# **CONSOLIDATED STATEMENT OF SOURCE & APPLICATION OF WORKING CAPITAL**

for the year ended September 30, 1972

		<u>1972</u>		<u>1971</u>	
<b>Source of Working Capital:</b>					
Operations —					
Earnings before					
extraordinary items . . . . .		\$364,034		\$192,626	
Amounts not requiring a					
current outlay of funds:					
Depreciation . . . . .	\$271,808		\$273,072		
Amortization . . . . .	94,522		125,180		
Non-current deferred					
income taxes . . . . .	61,168		(6,134)		
Minority interest . . . . .	<u>3,932</u>	<u>431,430</u>	<u>(4,813)</u>	<u>387,305</u>	
		795,464		579,931	
Proceeds from sale of					
marketable securities . . . . .		65,006		65,542	
Long-term borrowing					
(not including renegotiated					
bank loan) . . . . .		653,325		275,000	
Minority shareholder					
investment . . . . .		—		679	
Extraordinary foreign					
exchange gains . . . . .		<u>—</u>	\$1,513,795	<u>13,131</u>	\$ 934,283
<b>Application of Working Capital:</b>					
Repayment of long-term debt . . . . .	224,524		275,637		
Increase in current portion					
of long-term debt . . . . .	<u>35,640</u>	260,164	<u>8,584</u>	284,221	
Additions to fixed assets . . . . .		832,183		176,293	
Deferred development					
expenses . . . . .		137,464		25,641	
Investments (net) . . . . .		84,467		99,324	
Dividends . . . . .		87,000		—	
Income taxes deferred in					
prior years . . . . .		<u>14,953</u>	<u>1,416,231</u>	<u>4,216</u>	<u>589,695</u>
<b>Increase in Working Capital . . . . .</b>			97,564		344,588
<b>Working Capital (Deficit),</b>					
<b>beginning of year . . . . .</b>			<u>45,995</u>		<u>(298,593)</u>
<b>Working Capital, end of year . . . . .</b>			<u>\$ 143,559</u>		<u>\$ 45,995</u>

The accompanying notes  
are an integral part of this statement.



# CONSOLIDATED BALANCE SHEET

September 30, 1972

## ASSETS

### Current:

	<u>1972</u>	<u>1971</u>
Cash . . . . .	\$ 464,470	\$ 334,926
Short-term deposits and securities . . . . .	400,000	135,000
Accounts receivable . . . . .	303,109	296,857
Inventories — at cost . . . . .	155,518	135,277
Prepaid expenses . . . . .	116,287	144,003
Due from directors and officers . . . . .	20,884	22,235
	<u>1,460,268</u>	<u>1,068,298</u>

### Investments:

Affiliated companies (Note 2) . . . . .	364,250	282,372
Miscellaneous . . . . .	8,162	5,573
	<u>372,412</u>	<u>287,945</u>

### Fixed — at cost:

Land . . . . .	275,365	275,365
Buildings . . . . .	1,333,720	1,134,189
Leasehold improvements . . . . .	1,715,479	1,167,423
Furniture and equipment . . . . .	1,096,354	1,015,359
	<u>4,420,918</u>	<u>3,592,336</u>
Less: Accumulated depreciation . . . . .	<u>1,270,626</u>	<u>1,002,419</u>
	<u>3,150,292</u>	<u>2,589,917</u>

### Other:

Marketable securities (Note 3) . . . . .	25,659	85,712
Deferred development expenses, contract rights and other intangibles less amortization of \$378,809 (1971 — \$284,287) (Note 1(a)) . . . . .	<u>419,575</u>	<u>376,633</u>
	<u>445,234</u>	<u>462,345</u>
	<u>\$5,428,206</u>	<u>\$4,408,505</u>

The accompanying notes  
are an integral part of this statement.

HY'S OF  
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## LIABILITIES

### Current:

	<u>1972</u>	<u>1971</u>
Bank loans . . . . .	\$ 50,000	\$ 95,000
Accounts payable and accruals . . . . .	790,940	496,632
Income taxes payable . . . . .	187,339	152,643
Current portion of long-term debt . . . . .	247,832	212,192
Deferred income taxes (Note 5) . . . . .	40,598	65,836
	<u>1,316,709</u>	<u>1,022,303</u>
Long-Term Debt less current portion shown above (Note 3) . . . . .	<u>1,080,615</u>	<u>687,454</u>
Deferred Income Taxes (Note 5) . . . . .	<u>125,319</u>	<u>64,151</u>
Minority Interest . . . . .	<u>20,314</u>	<u>16,382</u>

## SHAREHOLDERS' EQUITY

### Share Capital:

Authorized —		
1,000,000 common shares, no par value		
Issued —		
870,000 shares . . . . .	2,071,351	2,071,351
Retained Earnings . . . . .	813,898	546,864
	<u>2,885,249</u>	<u>2,618,215</u>

Commitments, Contingent Liabilities  
and Subsequent Events (Note 8)

On Behalf of the Board:

\$5,428,206

\$4,408,505

*H. J. Fisanat* *J. A. Adams*  
DIRECTOR DIRECTOR

HY'S OF  
CANADA  
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 1972

### 1. Accounting Principles and Statement Presentation:

(a) The company has changed its accounting policy to amortize the amounts of the following intangibles over a 20 year period from the inception of Hy's of Canada Ltd.

Share issue expenses and organization costs . . . . .	\$119,342
Excess of cost of shares of subsidiary over recorded net asset value . . . . .	99,900
Goodwill — at cost . . . . .	25,000
	<u>\$244,242</u>

This amortization has resulted in the reduction of earnings for the year ended September 30, 1972 of \$12,212, and comparative earnings for 1971 have been restated to reflect a like reduction. Further, the retained earnings at the beginning of the current year have been reduced by \$36,636 to give retroactive effect to this policy to 1969.

(b) The 1971 comparative figures have been reclassified where applicable to conform with the presentation used in the current year.

### 2. Investment in Affiliated Companies — at cost:

50% of common shares —

Interprovincial Properties Ltd. . . . .	\$100	\$ 60,271	\$100	\$ 46,699
Hymor Foods Ltd. . . . .	1	125,303	1	126,967
Kobe Japanese Steak Houses Ltd. . . . .	1	25,017	1	8,999

Less than 50% of common shares —

Old Spaghetti Factory Restaurant Ltd. . . . .	12	—	12	6,000
Old Spaghetti Factory (Man.) Ltd. . . . .	35	35,000	35	34,999
Village Green Hotel Ltd. . . . .	3	27,932	3	58,556
Village Green Hotel (Vernon) Ltd. . . . .	100	90,475	—	—

<u>1972</u>		<u>1971</u>	
<u>Shares</u>	<u>Advances</u>	<u>Shares</u>	<u>Advances</u>
\$252	\$363,998	\$152	\$282,220

<u>1972</u>		<u>1971</u>	
<u>Shares</u>	<u>Advances</u>	<u>Shares</u>	<u>Advances</u>
\$152	\$282,220	\$152	\$282,220



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. Long-Term Debt:

	<u>1972</u>		<u>1971</u>	
	<u>Amount</u>	<u>Due Within One Year</u>	<u>Amount</u>	<u>Due Within One Year</u>
Bank demand loans — varying interest rates, maturing in 1976 and 1977 . . . . .	\$ 875,000	\$168,350	\$348,335	\$126,660
Industrial Development Bank — 11%, maturing in 1976 and 1980 . . . . .	197,000	42,000	239,000	42,000
Mortgages payable — 6½% to 9½%, maturing from 1978 to 1981 . . . . .	133,689	23,142	164,272	29,192
Agreement for sale — no interest, maturing in 1977 . . . . .	60,945	14,340	75,285	14,340
		Payments Based on Sales		Payments Based on Sales
Note payable — bank prime rate plus 1%, maturing in 1974 . . . . .	<u>61,813</u>	<u>        </u>	<u>72,754</u>	<u>        </u>
	<u>\$1,328,447</u>	<u>\$247,832</u>	<u>\$899,646</u>	<u>\$212,192</u>

The company has negotiated repayment of the bank demand loans over a number of years and accordingly the loans have been included in long-term debt. The bank demand loans are secured by hypothecation of marketable securities, certain book debts and certain shares in affiliated companies. The bank demand loans also contain conditions restricting the company from mortgaging certain fixed assets.

Long-term debt, other than the bank demand loans, is secured by specific charges on certain fixed and current assets of the company.

### 4. Reduction of Prior Years' Income Taxes:

In the current year settlement was reached with income tax authorities with respect to proposed assessments of prior years' taxes. As a result the opening balances of retained earnings have been restated to reflect a reduction of the income tax provision made in prior years.

**HY'S OF  
CANADA  
LTD. 1972**





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. Deferred Income Taxes:

In addition to the deferred income taxes recorded in the accounts, income taxes (of certain subsidiaries) were reduced in prior years in the aggregate amount of \$59,385 of which \$14,953 became payable in the current year and has been applied against retained earnings. At September 30, 1972, accumulated tax reductions not recorded in the accounts amounted to \$44,432.

### 6. Remuneration of Directors:

The total remuneration paid during the year to directors and senior officers was \$163,000.

### 7. Extraordinary Items:

Gain on sale of marketable securities . . . . .  
Foreign exchange gain . . . . .

1972

\$4,953  
—  
\$4,953

1971

\$13,542  
13,131  
\$26,673

### 8. Commitments, Contingent Liabilities and Subsequent Events:

(a) Minimum rentals, excluding rentals based on a percentage of sales, under existing lease agreements will be approximately \$309,000 annually over the next five years. Total rent incurred for the year ended September 30, 1972 including rentals based on a percentage of sales amounted to \$367,783 (1971 — \$261,233).

(b) The completion of construction in progress at September 30, 1972 will require capital expenditures of approximately \$1,200,000 for which long term financing of \$500,000 has been arranged to date.

(c) The company has guaranteed loans and advances to affiliated companies up to \$1,028,000.

(d) Subsequent to September 30, 1972 the directors of the company elected to increase tax paid undistributed surplus on hand to \$104,550 by the payment of taxes of \$15,750. Subsequent to this election the directors of the company declared a dividend of 10¢ per share payable on December 29, 1972 out of tax paid undistributed surplus on hand.

(e) Subsequent to September 30, 1972 the company advanced \$112,500 to a company engaged in restaurant operations. Under the terms of the advance Hy's of Canada Ltd. has the right to acquire a share interest.



## AUDITORS' REPORT

*To the Shareholders of  
Hy's of Canada Ltd.*

We have examined the consolidated balance sheet of Hy's of Canada Ltd. and Subsidiary Companies as at September 30, 1972 and the consolidated statements of earnings and retained earnings and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1972 and the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for amortization of certain intangibles referred to in Note 1(a), on a basis consistent with that of the preceding year.

*Collins, Low, Eddis, Valiquette & Barron.*  
Chartered Accountants

Vancouver, B.C.  
November 28, 1972.

HY'S OF  
CANADA  
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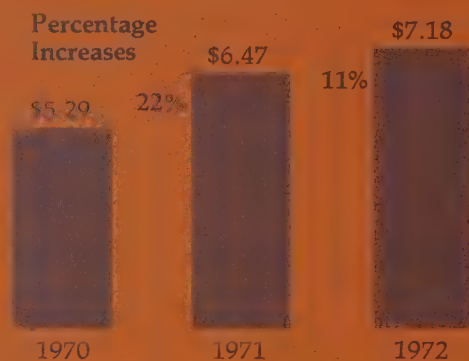


## FINANCIAL REVIEW

### HY'S OF CANADA LTD. EARNINGS PER SHARE BEFORE EXTRAORDINARY ITEMS

1970	\$.12
1971	\$.22
1972	\$.41

### HY'S OF CANADA LTD. SALES (\$ Million)



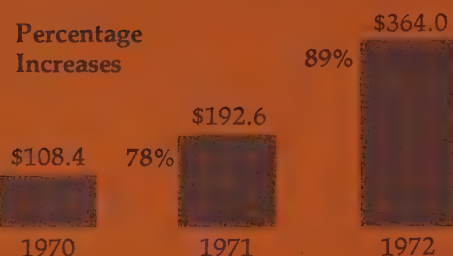
1. National growth of sales for all Canadian restaurant chains was 12.6% from 1970 to 1971 and 5.1% from 1971 to 1972.

2. Management income, rental income and income from affiliates have been excluded from the sales figures.

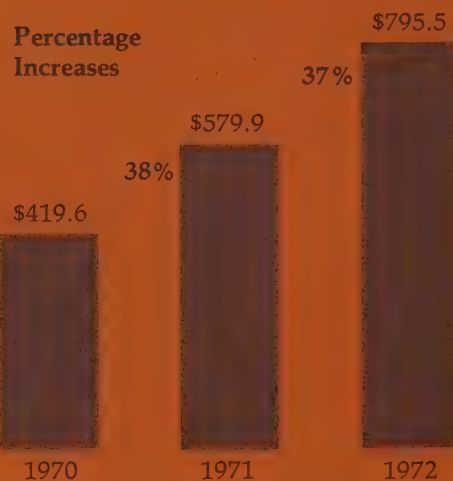
### HY'S OF CANADA LTD. WORKING CAPITAL

1970	(\$298,593)
1971	\$ 45,995
1972	\$143,559

### HY'S OF CANADA LTD. NET EARNINGS BEFORE EXTRAORDINARY ITEMS (\$ Thousands)



### HY'S OF CANADA LTD. CASH FLOW FROM OPERATIONS (\$ Thousands)



Information for 1970 and 1971 has been revised to reflect certain retroactive changes made in 1972.

HY'S OF  
CANADA  
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**Hy's Steak House,**  
73 Richmond Street West,  
Toronto, Ontario

**Hy's Steak Loft,**  
216 Kennedy Street,  
Winnipeg, Manitoba

**Hy's Steak House,**  
Midtown Plaza,  
Saskatoon, Sask.

**Hy's,**  
316 - 4th Avenue S.W.,  
Calgary, Alberta

**Hy's Steak Out,**  
College Mall, Mayor Magrath Drive,  
Lethbridge, Alberta

**Hy's Encore,**  
637 Hornby Street,  
Vancouver, B.C.

**Hy's at the Sands,**  
1755 Davie Street,  
Vancouver, B.C.

**Hy's Prime Rib,**  
1177 West Hastings Street,  
Vancouver, B.C.

**Plaza II,**  
1075 West Georgia Street,  
Vancouver, B.C.

**Hy's Steak House,**  
777 Douglas Street,  
Victoria, B.C.

**Hy's,**  
100E Walton, Chicago, Illinois

**Little Harry's,**  
Hillside Shopping Centre,  
3102 Shelbourne Street,  
Victoria, B.C.

**Kobe Japanese Steak House,**  
1042 Alberni Street,  
Vancouver, B.C. (Affiliate)

**Kobe Japanese Steak House,**  
Honolulu, Hawaii (Affiliate)

**Village Green Inn,**  
141 Trans Canada Highway,  
Duncan, B.C. (Affiliate)

**Village Green Inn,**  
Vernon, B.C. (Affiliate)

**HY'S OF  
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Interior of Hy's new restaurant in Chicago.



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**hys OF CANADA LTD.**



**INTERIM REPORT**

**MARCH 31, 1972**





HY'S OF CANADA LTD. & SUBSIDIARY COMPANIES  
INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED MARCH 31, 1972

MAY 31, 1972

PRESIDENT'S REPORT TO SHAREHOLDERS

It is with considerable satisfaction for the second year in a row that we are able to advise our shareholders of a substantial increase in revenues and profits and we feel that the company is making good progress in a sound manner.

All of our senior restaurants continue to show increases and thereby attest to the acceptance by the dining out public of our high standard food services. However, we do feel that there is still much room for improvement as well as increase in profitability. Your executive continues to look for methods of improving operations so that we may continue to keep our reputation for quality.

In addition, the company is confident that expansion of its operations in Toronto, Chicago and through a subsidiary in Hawaii will produce additional profits over a reasonable period of time.

We would like to bring your attention to the fact that our volume has increased by 14% over the first six months of 1971, cash flow has increased by 28% over the first six months of 1971 and net profit has almost doubled—up 91% over 1971. We are confident that the next six months will continue to show encouraging results for the benefit of all shareholders.

President

HY'S OF CANADA LTD. & SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF EARNINGS FOR  
THE SIX MONTH PERIOD ENDED MARCH 31, 1972  
(WITH COMPARATIVE FIGURES FOR 1971)

	✓ 1972	✓ 1971
Gross Income	✓ \$3,630,485	✓ \$3,178,848
Cost of producing income	3,143,427	2,834,955
Earnings prior to depreciation and income taxes	487,058	343,893
Depreciation and amortization	180,530	182,087
Net earnings before taxes	306,528	161,806
Income taxes - current	240,328	72,584
- deferred	(91,315)	9,982
	149,013	82,566
Net consolidated earnings	157,515	79,240
Minority interest in profit of subsidiary	1,169	(2,680)
Net earnings for the period	✓ \$ 156,346	✓ \$ 81,920
Earnings per share for six month period	.18	.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 1972  
(COMPARED WITH POSITION AS AT MARCH 31, 1971)

	1972	1971
Current assets	\$1,034,833	\$ 874,571
Less current liabilities	980,269	1,052,518
Working capital	54,564	(177,947)
Add: Fixed assets (net)	2,461,526	2,640,775
Other assets	823,080	875,060
Total assets less current liabilities	3,339,170	3,337,888
Less: Debts not due within current year	574,380	788,310
Provisions for future taxes	27,272	71,635
	601,652	859,945
	2,737,518	2,477,943
Less: Minority interest	17,551	19,836
Shareholders equity	\$2,719,967	\$2,458,107

NOTES:

1. The financial information presented in this report has been prepared from the company's records without audit.
2. Depreciation and amortization expense includes deferred expenses written off amounting to \$37,709 and amortization of contract rights amounting to \$3,500.

HY'S OF CANADA LTD.  
& SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF SOURCE  
& APPLICATION OF WORKING CAPITAL  
FOR THE SIX MONTH PERIOD  
ENDED MARCH 31, 1972

	1972	1971
Operations—		
Net Earnings	\$156,346	\$ 81,920
Amount not requiring a current outlay of funds;		
Depreciation and amortization	180,530	182,087
Non-current deferred income taxes	(36,879)	9,982
Minority interest	1,169	(2,680)
	144,820	189,389
	301,166	271,309
Proceeds from sale of marketable securities	48,000	—
Prior years income tax adjustments	51,043	—
Proceeds from disposal of assets at N.B.V.	900	—
Increase in long term debt	—	83,003
	401,109	354,312
APPLICATION OF WORKING CAPITAL		
Repayment of long term debt	114,600	—
Decrease in current portion of long term debt	(1,526)	—
	113,074	—
Investments	29,260	—
Additions to fixed assets	11,830	93,362
Deferred development expenditures	96,103	88,931
Income taxes deferred in prior years	3,900	—
Dividends paid	87,000	—
	\$341,167	\$182,293
INCREASE IN WORKING CAPITAL FOR THE SIX MONTH PERIOD	59,942	172,019
WORKING CAPITAL DEFICIT, BEGINNING OF YEAR	(5,378)	(349,966)
WORKING CAPITAL MARCH 31, 1972	\$ 54,564	(\$177,947)



HY'S OF CANADA LTD. & SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF EARNINGS FOR  
THE SIX MONTH PERIOD ENDED MARCH 31, 1972  
(WITH COMPARATIVE FIGURES FOR 1971)

	1972	1971
Gross income	✓ \$3,630,485	✓ \$3,178,848
Cost of producing income	3,143,427	2,834,955
Earnings prior to depreciation and income taxes	487,058	343,893
Depreciation and amortization	180,530	182,087
Net earnings before taxes	306,528	161,806
Income taxes - current	240,328	72,584
- deferred	(91,315)	9,982
	149,013	82,566
Net consolidated earnings	157,515	79,240
Minority interest in profit of subsidiary	1,169	(2,680)
Net earnings for the period	✓ \$ 156,346	✓ \$ 81,920
Earnings per share for six month period	✓ .18	✓ .09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 1972  
(COMPARED WITH POSITION AS AT MARCH 31, 1971)

	1972	1971
Current assets	\$1,034,833	\$ 874,571
Less current liabilities	980,269	1,052,518
Working capital	54,564	(177,947)
Add: Fixed assets (net)	2,461,526	2,640,775
Other assets	823,080	875,060
Total assets less current liabilities	3,339,170	3,337,888
Less: Debts not due within current year	574,380	788,310
Provisions for future taxes	27,272	71,635
	601,652	859,945
	2,737,518	2,477,943
	17,551	19,836
Less: Minority interest		
Shareholders equity	✓ \$2,719,967	✓ \$2,458,107

- NOTES:
1. The financial information presented in this report has been prepared from the company's records without audit.
  2. Depreciation and amortization expense includes deferred expenses written off amounting to \$37,709 and amortization of contract rights amounting to \$3,500.

HY'S OF CANADA LTD. & SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF SOURCE  
& APPLICATION OF WORKING CAPITAL  
FOR THE SIX MONTH PERIOD  
ENDED MARCH 31, 1972

	1972	1971
Operations—		
Net Earnings	\$156,346	\$ 81,920
Amount not requiring a current outlay of funds:		
Depreciation and amortization	180,530	182,087
Non-current deferred income taxes	(36,879)	9,982
Minority interest	1,169	(2,680)
	144,820	189,389
	301,166	271,309
Proceeds from sale of marketable securities	48,000	—
Prior years income tax adjustments	51,043	—
Proceeds from disposal of assets at N.B.V.	900	—
Increase in long term debt —	—	83,003
	401,109	354,312
APPLICATION OF WORKING CAPITAL		
Repayment of long term debt	114,600	—
Decrease in current portion of long term debt	(1,526)	—
	113,074	—
Investments	29,260	—
Additions to fixed assets	11,830	93,362
Deferred development expenditures	96,103	88,931
Income taxes deferred in prior years	3,900	—
Dividends paid	87,000	—
	\$341,167	\$182,293
INCREASE IN WORKING CAPITAL FOR THE SIX MONTH PERIOD	59,942	172,019
WORKING CAPITAL DEFICIT, BEGINNING OF YEAR	(5,378)	(349,966)
WORKING CAPITAL MARCH 31, 1972	\$ 54,564	(\$177,947)